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C O N F I D E N T I A L SECTION 01 OF 03 BUENOS AIRES 000303

CODEL

C O R R E C T E D C O P Y (DISTRIBUTION AND ADDING CODEL CAPTION)

STATE FOR WHA/BSC, WHA/EPSC, EB/IFD/OMA
NSC FOR JOANNA WALLACE
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TREASURY FOR OASIA NATAN EPSTEIN
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E.O. 12958: DECL: 01/28/2011

TAGS: PGOV, PREL, EFIN, ECON, AR

SUBJECT: ARGENTINA: VISIT OF SENATORS SPECTER AND CHAFEE

REF: BUENOS AIRES 0016

CLASSIFIED BY: DCM MILTON DRUCKER. REASONS 1.5 (B) AND (D).

1. (C) SUMMARY. SENATORS ARLEN SPECTER AND LINCOLN CHAFEE VISITED BUENOS AIRES JANUARY 8-9, MEETING WITH PRESIDENT DUHALDE (REFTEL), HOLDING TALKS WITH LOCAL US BUSINESS EXECUTIVES, AND VISITING THE AMIA JEWISH CULTURAL CENTER, SITE OF THE 1994 TERRORIST ATTACK THAT KILLED 85 PEOPLE IN BUENOS AIRES. SENATOR SPECTER ALSO MET WITH MINISTER OF JUSTICE AND HUMAN RIGHTS JORGE VANOSSI AND LUNCED WITH SEVERAL PROMINENT ARGENTINE SENATORS.

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-- MINISTER OF JUSTICE VANOSSI, A CONSTITUTIONAL LAW EXPERT AND STRONG ADMIRER OF THE US JUDICIAL SYSTEM, EMPHASIZED THE NEED TO MAINTAIN THE INTEGRITY OF THE SEPARATION OF POWERS BETWEEN THE THREE BRANCHES OF GOVERNMENT AND ENSURE JUDICIAL INDEPENDENCE.

-- THREE MEMBERS OF THE ARGENTINE SENATE LEADERSHIP TOLD SENATOR SPECTER THAT IMF INFLEXIBILITY WAS AT LEAST PARTIALLY TO BLAME FOR ARGENTINA'S CURRENT CRISIS AND THAT THE IMF SHOULD BE MORE UNDERSTANDING AND LENIENT WITH ARGENTINA.

-- DURING A VISIT TO THE AMIA JEWISH CULTURAL CENTER IN BUENOS AIRES, THE SENATORS VISITED A MEMORIAL TO THE VICTIMS OF THE 1994 TERROR ATTACK AND WERE BRIEFED ON THE SERVICES OFFERED BY THE CENTER.

-- US BUSINESS EXECUTIVES BRIEFED THE SENATORS ON THE VERY DIFFICULT ECONOMIC, POLITICAL, AND LEGAL ENVIRONMENT FACING US FIRMS IN ARGENTINA TODAY. END SUMMARY

JUSTICE MINISTER ADVOCATES INSTITUTIONAL INTEGRITY

2. (U) MINISTER OF JUSTICE AND HUMAN RIGHTS JORGE VANOSSI, DURING AN ONE-HOUR DISCUSSION WITH AMBASSADOR WALSH AND SENATOR SPECTER ON JANUARY 9, EMPHASIZED THE NEED FOR ARGENTINA TO DEFEND ITS INSTITUTIONS, PARTICULARLY ITS SYSTEM OF CHECKS AND BALANCES BETWEEN THE THREE BRANCHES OF

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GOVERNMENT. PRESIDENT DUHALDE, HE SAID, SHARES THIS
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PHILOSOPHY. HE "REJECTS BLUNTLY" THE POSITION OF SOME
LEGISLATORS WHO WOULD LIKE TO MAKE IT EASIER TO REMOVE JUDGES
FROM THE BENCH, INCLUDING MEMBERS OF THE SUPREME COURT.
EVERYTHING, HE SAID, MUST BE DONE WITHIN THE CONSTITUTION.
HE NOTED THAT WHEN HE WAS A LEGISLATOR, HE OPPOSED THE
PROPOSAL TO EXPAND THE SUPREME COURT FROM FIVE TO NINE
MEMBERS. BUT NOW THAT HE IS MINISTER, IT IS CLEAR TO HIM
THAT THE EXECUTIVE BRANCH SHOULD TAKE NO POSITION AGAINST THE
CURRENT MAKEUP OF THE COURT. IMPEACHMENT WAS THE ROLE OF
LEGISLATORS AND THE GOA SHOULD NOT MEDDLE HERE. NEITHER
SHOULD THE EXECUTIVE BRANCH, IN HIS VIEW, TAKE A POSITION
REGARDING PROPOSALS TO EXPAND OR REDUCE THE SIZE OF THE
COURT.

3. (U) VANOSSI POINTED OUT THAT THE UNITED STATES IS
JUSTIFIABLY PROUD OF THE INDEPENDENCE OF ITS SUPREME COURT.
HE OBSERVED THAT ONE OFTEN HEARS OF THE MARSHALL COURT, THE
HOLMES COURT, OR THE WARREN COURT. BY CONTRAST, "ARGENTINES
SPEAK OF THE COURT OF PRESIDENT SO-AND-SO, THE COURT OF
THIS-OR-THAT MILITARY GOVERNMENT, OR SUCH-AND-SUCH POLITICAL
PARTY." THE DUHALDE GOVERNMENT, HE EMPHASIZED, HAS NO COURT
OF ITS OWN AND WILL BE CAREFUL TO PRESERVE THE "INDEPENDENCE

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AND ORDER OF INSTITUTIONS." ALTHOUGH "JUDGES ARE NOT MADE OF MARBLE AND STEEL" AND DESPITE THE FACT THAT THEY HAVE PHILOSOPHICAL AND POLITICAL ORIENTATIONS, IT IS OF FUNDAMENTAL IMPORTANCE THAT THEY BE FREE FROM INFLUENCE BY NOT ONLY THE EXECUTIVE AND LEGISLATIVE BRANCHES, BUT ALSO OF POLITICAL PARTIES. ONCE ONE IS NAMED TO THE BENCH, HE SAID, IT IS TIME TO "CUT THE UMBILICAL CORD" AND REST ONE'S JUDGEMENTS SOLELY ON CONSCIENCE.

4. (U) IN RESPONSE TO SENATOR SPECTER'S QUESTION ABOUT THE ECONOMIC AND SOCIAL CHALLENGES FACED BY THE DUHALDE ADMINISTRATION, VANOSI SAID THAT THIS GOVERNMENT HAD A

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MANDATE TO SERVE ONLY UNTIL 2003 AND THAT DUHALDE'S CABINET MEMBERS -- WHO HE ANTICIPATES WOULD ALL SERVE UNTIL THEN --

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ARE CONSCIOUS OF THE LIMITATIONS OF A TWO-YEAR PLAN. THE ADMINISTRATION WOULD NOT SOLVE ALL OF ARGENTINA'S PROBLEMS DURING DUHALDE'S TERM, BUT WOULD TRY TO GET THINGS HEADED IN THE RIGHT DIRECTION, STILL FULLY AWARE OF THE PEOPLE'S DEMANDS FOR RESULTS. WITH REGARD TO THE ECONOMIC PLAN, HE NOTED THAT IN JUST ONE WEEK OF GOVERNING, THE CABINET ALREADY HAD HELD THREE OR FOUR MEETINGS AND THAT "ALL MINISTERS DO EXPRESS OPINIONS." HE NOTED THAT HE PERSONALLY FEELS FREE TO SAY WHAT HE BELIEVES IS RIGHT AND EXPRESS HIS VIEWS REGARDING ECONOMIC TOPICS, ALTHOUGH HE RECOGNIZES THAT THE ACTUAL FORMULATION OF POLICY IS THE RESPONSIBILITY OF THE MINISTER OF ECONOMY AND OTHER OFFICIALS. HIS CHIEF ROLE IS TO PROVIDE OPINIONS ON WHETHER PROPOSED ECONOMIC PLANS FOLLOW THE RULE OF LAW.

5. (U) VANOSSI, WELL-KNOWN AS A CONSTITUTIONAL LAW EXPERT, HAS SERVED AS A LAW PROFESSOR, CLERKED AT THE ARGENTINE SUPREME COURT, WAS VICE MINISTER AT THE MINISTRY OF THE INTERIOR, AND SERVED FOR 10 YEARS AS A NATIONAL LEGISLATOR. DURING HIS ENTIRE LEGAL CAREER, HE BROUGHT SOME 75 CASES BEFORE THE SUPREME COURT. UNDERSCORING HIS COMMITMENT TO HUMAN RIGHTS, HE DESCRIBED WINNING THE FIRST SUPREME COURT REVERSAL OF A PRISONER'S SENTENCE IMPOSED BY THE MILITARY GOVERNMENT (1976-1983). HE IS A PAST CHAIRMAN OF THE ARGENTINE EQUIVALENT OF THE AMERICAN BAR ASSOCIATION AND CURRENTLY CHAIRS THE ORGANIZATION OF CORPORATE LAWYERS, A POSITION FROM WHICH HE WILL STEP DOWN IN THE NEXT FEW DAYS. ONE OF ONLY TWO UCR MEMBERS IN DUHALDE'S CABINET, HE JOKED THAT AT HIS AGE, HE DID NOT REPRESENT A POLITICAL THREAT TO

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ANYONE, HENCE, THE PRESIDENT NAMED HIM TO THE POST. HE STATED THAT DUHALDE HAD IMPOSED NO "CONDITIONS" ON HIM IN AS A MEMBER OF THE OPPOSITION PARTY IN ACCEPTING THE POSITION AND THERE HAD BEEN NO "SIDE DEALS." AFTER SERVING IN HIS CURRENT CAPACITY, HE SAID, HE WILL "GO HOME" AND RETIRE FROM POLITICS.

ARGENTINE SENATORS: NEED FOR GREATER UNDERSTANDING FROM IMF

6. (C) SENATOR SPECTER JOINED KEY ARGENTINE SENATE LEADERS FOR LUNCH ON JANUARY 9 AT THE AMBASSADOR'S RESIDENCE. SENATE PRESIDENT PRO-TEM JUAN CARLOS MAQUEDA, PERONIST PARTY BLOC PRESIDENT SENATOR JOSE LUIS GIOJA, AND RADICAL CIVIC UNION (UCR) BLOC PRESIDENT SENATOR CARLOS MAESTRO DESCRIBED THEIR PROVINCES AND THE SOCIAL DIFFICULTIES FACING THEIR POPULATIONS IN THE MIDST OF THE CURRENT ARGENTINE FINANCIAL

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CRISIS. MAQUEDA CRITICIZED THE IMF FOR TAKING "TOO DOGMATIC"
A STANCE IN DEMANDING REDUCED FEDERAL EXPENDITURES IN A WAY
THAT ONLY MADE WORSE THE ECONOMIC RECESSION.

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-- MAQUEDA AND THE OTHERS AGREED THAT ARGENTINA ITSELF SHARES THE GREATEST BLAME FOR ITS CURRENT STATE, BUT THEY ALL CAME BACK TO CRITICISMS OF THE IMF ROLE THAT FAILED TO PROMOTE GROWTH.

-- GIOJA CALLED FOR INTERNATIONAL "UNDERSTANDING" OF ARGENTINA'S POSITION AND ITS INABILITY TO PAY ITS FOREIGN DEBT.

-- MAQUEDA ARGUED THAT ARGENTINA DESPARATELY NEEDS TO RESTORE "THE PRINCIPLE OF AUTHORITY" AND PACIFY THE COUNTRY THAT A FEW DAYS EARLIER HAD BEEN ON THE EDGE OF ANARCHY AND CIVIL
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WAR. HE SAID THAT THE COUNTRY NEEDED (1) LIFTING OF THE "CORALLITO," OR BANK DEPOSIT RESTRICTIONS; (2) AN EMERGENCY FOOD PLAN FOR THE 40 PERCENT OF THE POPULATION LIVING UNDER THE POVERTY LINE; AND (3) A STRONG FINANCIAL INJECTION INTO THE PRODUCTIVE SECTOR.

-- OPPOSITION LEADER MAESTRO ARGUED THAT THE RADICAL CIVIC UNION STRONGLY SUPPORTED PRESIDENT DUHALDE'S EFFORTS TO ADDRESS THE CURRENT CRISIS AND WOULD BE PROVIDING HIM WITH ITS LEGISLATIVE SUPPORT. MAESTRO REPEATED HIS PERONIST COLLEAGUES' CALL FOR A CHANGE IN THE WAY THE IMF DEALS WITH ARGENTINA AND FOR WORLD UNDERSTANDING OF THE COUNTRY'S PREDICAMENT.

SENATORS VISIT SITE OF 1994 TERROR ATTACK

7. (U) DURING A VISIT TO THE INTERNATIONAL WING (DAIA) OF THE ARGENTINE JEWISH COMMUNITY CENTER (AMIA), SENATORS SPECTER AND CHAFEE MET WITH THE DIRECTORS AND VIEWED THE MEMORIAL TO THE VICTIMS OF THE 1994 AMIA BOMBING AND A PLAQUE COMMEMORATING THE 1992 BOMBING OF THE ISRAELI EMBASSY.

-- THE DAIA DIRECTORS DESCRIBED THE COMMUNITY'S ACTIVITIES

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WITH THE ELDERLY AND YOUTH. IN RESPONSE TO SENATOR SPECTER'S QUESTION ABOUT THE NATURE OF THEIR EDUCATIONAL PROGRAMS, THE DIRECTORS NOTED THE RISK THAT PRIVATE JEWISH SCHOOLS WOULD NOT BE ABLE TO OPEN AFTER THE SUMMER BREAK BECAUSE OF THE CURRENT ECONOMIC CRISIS.

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-- THE CODEL ALSO NOTED THE LONG LINE OF PEOPLE WAITING OUTSIDE THE AMIA BUILDING FOR INFORMATION AND ASSISTANCE FOR EMIGRATION BY AN ISRAELI GOVERNMENT OFFICE CO-LOCATED AT THE AMIA CENTER.

US BUSINESS LEADERS HIGHLY CRITICAL

8. (U) BANKBOSTON ORGANIZED A BRIEFING WHERE SENIOR BANK OFFICIALS AND RESIDENT EXECUTIVES OF SIX LEADING US FIRMS OUTLINED THE ECONOMIC AND COMMERCIAL SITUATION IN ARGENTINA. THE BUSINESS EXECUTIVES GRAPHICALLY DESCRIBED THE CRISIS FACING ARGENTINA: THE PAYMENTS CHAIN HAS COLLAPSED, FOREIGN EXCHANGE RULES WERE UNKNOWN, THE GOA HAD JUST ANNOUNCED THAT CONTRACTS SPECIFYING DOLLAR PAYMENTS HAD BEEN INVALIDATED, AND CORRUPTION. SENATOR SPECTER ASKED SEVERAL QUESTIONS ABOUT THE COURTS AND LEGAL SYSTEM AND HEARD THAT THE CURRENT SYSTEM WAS DYSFUNCTIONAL.

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